

Message Text

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ORIGIN TRSE-00

INFO OCT-01 NEA-09 ISO-00 EB-07 COME-00 OPIC-03 AID-05

INR-07 CIAE-00 NSAE-00 /032 R

DRAFTED BY TREASURY:OMEA:JNEWMAN:CEK

APPROVED BY NEA/EGY - MR MATTHEWS

OPIC/ID/NEA - C MIDDLETON

COMMRCE:JHALDANE

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O 162024Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO IMMEDIATE

AMEMBASSY KUWAIT IMMEDIATE

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E.O. 11652: N/A

TAGS: ECRE, EGEN, EG

SUBJECT: BOOMIS ASSOCIATES CONSTRUCTION INDUSTRY PROJECTS

1. TREASURY AND OPIC MET JAN. 14 WITH CHRISTOPHER BOOMIS, RALPH DYER, AND CONSULTANT COLONEL JAMES YOUNG, ALL OF BOMMIS CONSTRUCTION COMPANY, WHO PROVIDED FOLLOWING INFO RE THEIR ACTIVITIES IN EGYPT. FOR PAST TWELVE MONTHS COMPANY HAS BEEN DISCUSSING WITH OSMAN, AMIN AND OTHERS POSSIBILITY OF THEIR PUTTING TOGETHER COMPLEX OF PROJECTS NEEDED TO MEET EGYPT'S PRESENT AND FUTURE CONSTRUCTION REQUIREMENTS AND IN SOME CASES FOR EXPORT TO OTHER ME COUNTRIES. THESE WOULD INCLUDE CONSTRUCTION OF (A) 300,000 TON MINI-STEEL MILL FOR PRODUCTION OF STEEL REINFORCING BARS FROM IMPORTED SCRAP (B) 11 MILLION SQUARE METER GYPSUM, WALL BOARD PLANT, (C) 100,000 TON PLATE GLASS FACTORY AND (D) 750,000 TON CEMENT PLANT. BOOMIS CLAIMS HE HAS STARTED TO PUT TOGETHER NECESSARY STAFF FOR THIS EFFORT AND HAS LINED UP NECESSARY FINANCING, LARGELY FROM KUWAIT FOREIGN

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TRADING CONTRACTING, AND INVESTMENT COMPANY. APPARENTLY

IDEA WOULD BE TO FORM PRIVATE COMPANY WHICH WOULD OWN AND CONSTRUCT THESE PLANTS AND IN WHICH BOOMIS AND PRESUMABLY ARABS WOULD HAVE EQUITY INTEREST.

2. MICRO ANALYSIS OF PROJECT REPORTEDLY COMPLETED, ALTHOUGH

THERE IS NEED FOR ENGINEERING STUDIES WHICH MAY COST TWO MILLION DOLLARS OR SO AND FOR QUOTE SEED UNQUOTE MONEY TO FINANCE PART OR ALL OF THIS REQUIREMENT. BOOMIS SAYS HE ALREADY HAS SIGNIFICANT MONEY INVOLVED IN EFFORT TO DATE AND PREPARED TO PUT UP ADDITIONAL FUNDS, BUT NOT ALL OF TWO MILLION DOLLARS.

3. BOOMIS SAID HE WAS HAVING TROUBLE OBTAINING NECESSARY GOE APPROVALS OF PROJECTS ALTHOUGH IT WAS NOT CLEAR FROM HIS EXPLANATION PRECISELY WHAT THE PROBLEM IS. BOOMIS SAYS GOE HAS QUOTE INITIALED UNQUOTE LETTERS OF INTENT FOR EVERYTHING BUT CEMENT PLANT, BECAUSE GOE UNDERSTANDS EITHER AID OR OTHER ARAB CAPITAL WOULD BE AVAILABLE TO FINANCE THIS. HOWEVER, GOE REFUSES TO QUOTE SIGN UNQUOTE THESE LETTERS OF INTENT AND RELEASE THEM. BOOMIS APPARENTLY PREPARED TO PROCEED WITH PROJECT EVEN IF CEMENT PLANT UNDERTAKEN BY OTHERS ON ASSUMPTION CEMENT WOULD BE AVAILABLE TO BOOMIS OPERATION FOR CONSTRUCTION NEEDS.

4. FYI: OPIC CONCERNED THAT: (A) NETWORTH OF BOOMIS ONLY APPROXIMATELY NINE MILLION DOLLARS; (B) BOOMIS APPARENTLY HAS NO INTERNATIONAL INVESTMENT EXPERIENCE; (C) BOOMIS UNWILLING AT THIS POINT TO INFORM OPIC ON DETAILS OF THE DEBT AND EQUITY PARTICIPANTS IN THE PROJECTS AS TO NAME OR ACCOUNT, (D) BOOMIS HAS NO EXPERIENCE IN MANAGING ANY OF THE TYPES OF PROJECTS INVOLVED AND HAS NOT INFORMED OPIC WHERE MANAGEMENT WOULD BE OBTAINED; (E) OPIC UNAWARE OF ANY MAJOR DEVELOPMENT PROJECT WHICH INCLUDES FIVE DISPARATE INDUSTRIES BEING FINANCED AND/OR MANAGED BY ONE SET OF INVESTORS; AND (F) BOOMIS WILL PARTICIPATE NOT ONLY AS AN IVESTOR IN THE PROJECT BUT AS CONTRACTOR TO BUILD FACILITIES THEREBY PERHAPS ALLOWING BOOMIS TO TAKE ITS PROFIT OUT OF CONSTRUCTION ACTIVITIES AND LEAVE INVESTORS LIMITED OFFICIAL USE

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IN PROJECT HOLDING THE BAG. OPIC'S REGISTRATION OF THESE PROJECTS, LIKE REGISTRATION FOR ANY PROJECT BY OPIC, DOES NOT IN ANY SENSE CONFER OPIC'S ENDORSEMENT OF THE ECONOMIC VIABILITY OF THE PROJECT. END FYI.

5. WE WISH TO ALERT YOU THAT COLONEL YOUNG WILL BE IN CAIRO FOR FURTHER DISCUSSIONS WITH GOE FRIDAY, JANUARY 17, AND PLANS TO CALL AT EMBASSY.

6. FOR CAIRO. PLEASE TRANSMIT ANY ADDITIONAL INFO OR
VIEWS EMBASSY HAS OR OBTAINS FROM YOUNG OR GOE.

7. FOR KUWAIT: ANY INFORMATION AMEMBASSY KUWAIT CAN PRO-
VIDE ON STATUS DISCUSSIONS WITH KFTCIC OR OTHER KUWAITIS
WOULD ALSO BE GREATLY APPRECIATED. KISSINGER

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